



**Testimony Submitted By:**  
**Kevin Pimental**  
**Xtramart Convenience stores**

**To: Finance Committee**  
**Relative to Governor's Bill SB 1007**  
**March 4, 2011**

Good afternoon Senator Daily, Representative Widlitz, and members of the Finance Committee. Thank you for allowing me to appear before you today. My name is Kevin Pimental, Retail Automation Manager for Drake Petroleum Inc., d.b.a. XtraMart Convenience Stores, and member of the Connecticut Chapter of the New England Convenience Store Association. I represent XtraMart and its 36 Connecticut convenience stores throughout the state in their opposition to specific provisions in the Governor's Bill S.B. 1007 that seek to raise the tax on cigarettes by 40 cents per pack and cigars by 100%.

Of specific concern to us and the industry is the affect this increase will have on our in-store sales and the real possibility that our border store customers will shift their cigarette, miscellaneous and fuel purchases to our border states. Cigarette sales in Connecticut convenience stores represent almost 36% of all in-store sales. That number is 40% for XtraMart. Last year, an increase in New York's cigarette tax resulted in a 31% decline in cigarette sales in their border county convenience stores. If our border stores experience similar cigarette sales declines, we could see at least a 12% decrease in our overall in-store sales. That is a substantial decline that would unavoidably filter down to a reduction in store-staffing and a reduction to the incomes of our Connecticut employees. Furthermore, history shows that increases in cigarette taxes can drive cigarette purchasing habits to a less expensive and sometimes tax free option such as the internet or even the black market. This chain of events would not only affect the sales in our border stores, but also the sales to retailers that lie in the heart of the state. Inevitably, this could have a negative impact on tax revenue to the state.

In recent years, our RI stores have been hit hard. As a result of unfavorable tax increases, we have been forced to close over 20 locations there, they remain closed today, and we have no future plans there for expansion. We fear that many of our Connecticut stores may suffer the same fate. In Connecticut, as in RI, smokers have had to accept a sizeable and almost annual increase to cigarette prices, the bulk of which was due to tax increases. Although XtraMart, its customers, and the convenience store industry understand and appreciate the burden this committee and administration have with balancing the budget, together we ask that you remove these provisions to the Governors Bill; provisions that continue to press upon an unequal tax obligation to smokers, that further weaken the foundation of our businesses, and threaten the income earning potential of our employees. We ask that you continue to explore other viable revenue streams and employ sensible spending restraints to meet your budgeting needs.

Thank you for your consideration.

Kevin Pimental  
XtraMart Convenience Stores